

**FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2012**

**FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2012**

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Kevin W. Cobb  
Franklin Parish Sheriff  
Winnsboro, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish Sheriff, as of and for the year ended June 30, 2012, which collectively comprise the Franklin Parish Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Franklin Parish Sheriff's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish Sheriff, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 2012, on our consideration of the Franklin Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress on pages 4 through 7 and 39 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of



America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Parish Sheriff's financial statements taken as a whole. The individual financial statements of agency funds presented on page 17 through 18 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of cash on hand in tax collector account, schedule of taxes collected, and schedule of uncollected taxes presented on pages 46 through 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Marcus, Robinson & Hassell*

MARCUS, ROBINSON & HASSELL, CPAs

Winnsboro, Louisiana  
December 10, 2012

**REQUIRED SUPPLEMENTAL INFORMATION**

**PART I**



**KEVIN W. COBB**

**FRANKLIN PARISH**

**SHERIFF AND EX-OFFICIO TAX COLLECTOR**

6556 MAIN STREET . WINNSBORO, LOUISIANA 71295 . TELEPHONE (318) 435-4505 . FACSIMILE (318) 435-5810

As Management of the Franklin Parish Sheriff's Department, I offer readers of the Franklin Parish Sheriff's Department financial statements this narrative overview and analysis of the financial activities of the Franklin Parish Sheriff's Department for the fiscal year ended June 30, 2012. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights:

- Revenue of the sheriff exceeded expenditures by \$813,362.00.
- DOC inmates housing revenue was \$7,701,983.00

Overview of the Financial Statements:

This discussion and analysis provides an overview of the sheriff's basic financial statements. The statement of net assets and the statement of activities (Governmental-wide financial statements) provide information about the financial activities as a whole and illustrate a long-term view of the sheriff's finances. The balance sheet and statement of revenues, expenditures and changes in fund balance - Governmental fund tell how these services were financed in the short term as well as what remains for future. The report also contains other supplementary information in addition to the basic financial statements themselves.

In the Independent Auditors Report, the auditor assures that the Basic Financial Statements are accurately and fairly stated. This Independent Auditors Report should be used to judge the level of assurances provided for each portion in the financial section.

Government - wide Financial Statements:

These financial statements are used to present a general overall look at the finances of the Franklin Parish Sheriff's Department similar to a private sector business.

Statement of Net Assets. By determining the difference between the assets and the liabilities of the Franklin Parish Sheriff's Department "Net Assets" is determined. By comparing statements of Net Assets over a period of time, the overall financial trend of the sheriff can be monitored.

Statement of Activities. This statement shows changes in the sheriff's net assets during the course of the fiscal year and includes revenues and expenses for items such as earned and accumulated but unused leave, which is going to effect cash flows in future fiscal years. The Statement of Activities reports all changes to net assets as soon as the event affecting net assets occurs.

**Fund Financial Statements** – To comply with finance related legal requirements, the Franklin Parish Sheriff's Department groups related accounts into funds. Fund accounting is used by state and local governments to manage revenues or resources designated for specific purpose. These funds can be divided into two categories: governmental funds and agency or fiduciary funds.

Government Funds – information contained in these funds may be used to determine a government's immediate or near-term financing needs since the focus of governmental fund financial statements is on immediate or near term revenues and expenses and not only on balances available at the end of the fiscal year.

Governmental funds account for the same functions as governmental activities found in the government-wide statements but is presented with a more narrow focus. The reader may find it helpful to draw a comparison between the information presented in the governmental funds with information presented for governmental activities in the government-wide financial statements to better understand the long range impact of decisions made for near-term financing. One may choose to use the reconciliation provided for the governmental fund balance sheet and governmental fund statement of revenue, expenditures, and changes in fund balances to more clearly draw the comparison between these governmental funds and governmental activities.

A budgetary comparison statement is provided to demonstrate compliance with the sheriff's annual adopted appropriated budget.

Agency (Fiduciary) Funds – these funds are used to manage monies and resources held by the sheriff on behalf of others, such as inmate trust deposits, taxes, fines, and bonds. Since these resources do not belong to the sheriff and are not available to support the operations of the sheriff, they are not reflected on the government-wide financial statements.

**Notes to the Financial Statements** – These notes provide additional information which is helpful in understanding the data presented in the government-wide and fund financial statements.

**Other information** – this report provides certain required supplementary information above and beyond the basic financial statements and accompanying notes regarding the financial activities of the Franklin Parish Sheriff's Department.

## Financial Analysis of the Sheriff as a Whole

The Sheriff's net assets as of June 30, 2012 was \$13,394,041, an increase of \$442,533 from the previous year.

### Net Assets

	<u>6/30/12</u>	<u>6/30/11</u>
Assets		
Current & Other Assets	8,398,222	7,585,400
Capital Assets, Net	<u>5,655,610</u>	<u>5,867,082</u>
Total Assets	14,053,832	13,452,482
Liabilities		
Accounts Payable and Other Current Obligations	3,809	4,349
Net Post Employment Benefit Obligations	605,876	394,778
Long-Term, Liabilities	<u>50,106</u>	<u>101,847</u>
Total Liabilities	<u>659,791</u>	<u>500,974</u>
Net Assets	<u>13,394,041</u>	<u>12,515,908</u>

During the year 2010 the Sheriff's Office implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pensions (GASB 45). As such, a liability of \$605,876 was recorded to reflect the post employment benefits other than pensions that have been earned.

Capital Assets represent 40.24% of total assets. Allowance has been taken for outstanding debt incurred for the purchase of fixed assets.

### Summary of Change of Net Assets

	<u>6/30/12</u>	<u>6/30/11</u>
Program Revenues		
Fees, Charges and Commissions	7,879,674	7,499,762
Operating Grants and Contributions	<u>61,611</u>	<u>75,736</u>
Total Program Revenues	<u>7,941,285</u>	<u>7,575,498</u>
General Revenues		
Ad Valorem Taxes	578,821	492,685
Sales Taxes	1,198,084	1,154,294
Other General Revenues	<u>749,192</u>	<u>844,694</u>
Total General Revenues	<u>2,526,097</u>	<u>2,491,673</u>
Total Revenues	10,467,382	10,067,171
General Governmental Expenses	<u>10,024,849</u>	<u>9,986,092</u>
Change in Net Assets	<u>442,533</u>	<u>81,079</u>

During the year 2011 the Sheriff's Office implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pensions (GASB 45). As such, Personal Service Expense of \$211,098 was recorded to reflect the post-employment benefits other than pensions that have been earned.

## **Financial Analysis of the Government's Funds**

Fund accounting is used by the Franklin Parish Sheriff's Department to demonstrate its compliance with finance related legal requirements and to provide information used in determining the government's financing needs. Governmental funds are used to provide information on near-term inflows, outflows, and expendable resource balances. The unreserved fund balance may be used to gauge the government's end of year net resources that will be available for spending.

The Franklin Parish Sheriff's Department's combined governmental fund balances as of June 30, 2012, is \$8,394,413. The June 30, 2011, combined governmental fund balance was \$7,581,051. This is an increase of \$813,362. Of the June 30, 2012, balances \$8,279,980 is unassigned.

## **General Fund Budgetary Highlights**

While expenditures reported on the final budget are less than projected expenditures at the beginning of the year, the final adopted budget for June 30, 2012 also reflects a decrease in revenue over the original budget for the fiscal year. This is the result of slight decreases in most revenue generating resources but primarily from a decrease in revenue from housing inmates.

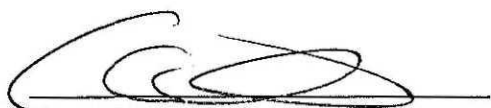
## **Capital Asset and Debt Administration:**

**Capital Assets:** The Franklin Parish Sheriff's Department's investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$5,655,610 (net of accumulated depreciation). Fixed assets increased by \$54,495 for the year.

**Long-Term Debt:** Total outstanding long-term debt for the Franklin Parish Sheriff's Department as of June 30, 2012 is \$50,106. Outstanding debt was decreased by \$51,741 during fiscal year 2012.

## **Request for Information**

This report may be used by all persons with an interest in the financial status of the Franklin Parish Sheriff's Office. It is designed to help the reader gain a general overall view of the sheriff's finances. Any question or request for additional information should be addressed to the Franklin Parish Sheriff's Office, 6556 Main Street, Winnsboro, Louisiana, 71295.



Kevin W. Cobb,  
Sheriff

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS (GWFS)**

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

ASSETS

Cash and Cash Equivalents	8,172,598
Accounts Receivable	111,191
Inventories	114,433
Capital Assets (net of accumulated depreciation)	<u>5,655,610</u>
TOTAL ASSETS	14,053,832

LIABILITIES

Accounts Payable	3,809
Net Post Employment Benefit Obligation	605,876
Long-Term Liabilities	
Due Within One Year	<u>50,106</u>
TOTAL LIABILITIES	<u>659,791</u>

NET ASSETS

Invested in Capital Assets, net of related debt	5,655,610
Unrestricted	<u>7,738,431</u>
TOTAL NET ASSETS	<u><u>13,394,041</u></u>

See Notes to Financial Statements



FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
STATEMENT OF ACTIVITIES  
JUNE 30, 2012

		PROGRAM REVENUES		NET (EXPENSE)
		OPERATING	CAPITAL	REVENUE AND
	EXPENSES	GRANTS	GRANTS	CHANGES IN
				NET ASSETS
<u>FUNCTIONS/PROGRAMS:</u>				
<u>Public Safety:</u>				
Personal Services	5,775,847	58,098	0	(5,717,749)
Operating Services	1,176,209	1,964	0	(1,174,245)
Materials and Supplies	2,510,022	1,549	0	(2,508,473)
Travel and Other Charges	165,279	0	0	(165,279)
Depreciation	386,403	0	0	(386,403)
Capital Outlay	11,089	0	0	(11,089)
Total Government Activities	10,024,849	61,611	0	(9,963,238)
<u>PROGRAM REVENUES:</u>				
Commissions				21,513
Civil & Criminal Fees				156,178
Housing Prisoners				7,701,983
Total Program Revenues				7,879,674
Net Program Expenses				(2,083,564)
<u>GENERAL REVENUES:</u>				
Taxes - Ad Valorem				578,821
Taxes - Sales Tax				1,198,084
Taxes - State Revenue Sharing				71,689
Interest				82,403
State Supplemental Pay				438,174
Book Value of Disposed Assets				(43,325)
Other				200,251
Total General Revenues				2,526,097
<u>CHANGES IN NET ASSETS</u>				442,533
<u>NET ASSETS AT BEGINNING OF YEAR</u>				12,951,508
<u>NET ASSETS AT END OF YEAR</u>				13,394,041

See Notes to Financial Statements

**BASIC FINANCIAL STATEMENTS:**  
**FUND FINANCIAL STATEMENTS (FFS)**

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2012

	<u>GENERAL</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	8,172,598
Accounts Receivable	111,191
Inventories	<u>114,433</u>
TOTAL ASSETS	<u>8,398,222</u>
<u>LIABILITIES AND FUND BALANCE</u>	
Liabilities:	
Accounts Payable	<u>3,809</u>
Total Liabilities	3,809
Fund Balances:	
Nonspendable	114,433
Unassigned	<u>8,279,980</u>
Total Fund Balance	<u>8,394,413</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>8,398,222</u>

See Notes to Financial Statements

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

Total Fund Balances at June 30, 2012 - Governmental Funds		8,394,413
Cost of Capital Assets at June 30, 2012	10,723,254	
Less: Accumulated Depreciation at June 30, 2012	<u>5,067,644</u>	5,655,610
Long-Term Liabilities at June 30, 2012		
Deferred Compensation Payable	605,876	
Net Post Employment Benefit Obligation	<u>50,106</u>	<u>(655,982)</u>
<u>NET ASSETS AT JUNE 30, 2012</u>		<u><u>13,394,041</u></u>

See Notes to Financial Statements

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>GENERAL</u>
<u>REVENUES</u>	
Ad Valorem Taxes	578,821
Sales Taxes	1,198,084
Intergovernmental Revenues:	
Federal Grants	44,936
State and Local Grants	16,675
State Revenue Sharing	71,689
Fees, Charges & Services:	
Commissions	21,513
Civil & Criminal Fees	156,178
Housing Prisoners	7,701,983
State Supplemental Pay	438,174
Interest	82,403
Other	<u>200,251</u>
<u>TOTAL REVENUE</u>	10,510,707
<u>EXPENDITURES</u>	
<u>Public Safety:</u>	
Personal Services & Related Benefits	5,616,490
Operating Services	1,176,209
Materials and Supplies	2,531,849
Travel and Other Charges	165,279
<u>Capital Outlay:</u>	
General Fund	<u>207,518</u>
<u>TOTAL EXPENDITURES</u>	<u>9,697,345</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u> <u>OVER EXPENDITURES</u>	813,362

See Notes to Financial Statements

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>GENERAL</u>
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>7,581,051</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>8,394,413</u>

See Notes to Financial Statements

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
RECONCILIATION OF GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds	813,362
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Amounts reported for governmental activities in the  
Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful life as depreciation expense. This is the amount by which depreciation exceeds capital outlay for the period:

Capital Outlays	218,256	
Depreciation	<u>(386,403)</u>	(168,147)

In the statement of activities, the gain or loss on the retirement of assets is reported, whereas in the governmental funds it is not. The change in net assets differs from the change in fund balance by the cost of the assets retired net of accumulated depreciation.	(43,325)
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In the Statement of Activities, certain operating expenses - K-time - are measured by the amounts earned or used during the year. In the governmental funds, however, expenditures for those items are measured by the amount of financial resources used (actually paid).	51,741
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Net Post Employment Benefit Obligation Expense	<u>(211,098)</u>
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Changes in Net Assets of Governmental Activities	<u><u>442,533</u></u>
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See Notes to Financial Statements

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
STATEMENT OF FIDICIARY NET ASSETS AND LIABILITIES - FIDUCIARY FUND  
JUNE 30, 2012

	LICENSE FUND	CRIMINAL FUND	CIVIL FUND	WORK RELEASE PROGRAM FUND
<u>ASSETS</u>				
Cash and Cash Equivalents	139	118,376	6,665	52,827
Due From Others	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>139</u>	<u>118,376</u>	<u>6,665</u>	<u>52,827</u>
<u>LIABILITIES</u>				
Due to Taxing Bodies And Others	<u>139</u>	<u>118,376</u>	<u>6,665</u>	<u>52,827</u>
TOTAL LIABILITIES	<u>139</u>	<u>118,376</u>	<u>6,665</u>	<u>52,827</u>

See Notes to Financial Statements



FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
STATEMENT OF FIDUCIARY NET ASSETS AND LIABILITIES - FIDUCIARY FUND  
JUNE 30, 2012

<u>TAX COLLECTION FUND</u>	<u>INMATE TRUST FUND</u>	<u>TOTAL</u>
470,325	131,427	779,759
<u>1,714</u>	<u>0</u>	<u>1,714</u>
<u>472,039</u>	<u>131,427</u>	<u>781,473</u>
 472,039	 131,427	 781,473
<u>472,039</u>	<u>131,427</u>	<u>781,473</u>

See Notes to Financial Statements

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**INTRODUCTION**

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas. As the chief law enforcement officer of the parish, the sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through establishment of neighborhood watch programs, anti-drug abuse programs, etc. In addition, when requested, the sheriff provides assistance to other law enforcement agencies within Franklin and surrounding parishes.

As the ex-officio tax collector of the parish, the sheriff is responsible for collecting and distributing ad valorem property taxes, state revenue sharing funds, sporting licenses, and fines, costs and bond forfeitures imposed by the district court.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements of the Franklin Parish Sheriff have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Sheriff's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all the Sheriff's activities.

**B. REPORTING ENTITY**

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification 2100, the sheriff includes all funds, account groups, activities, etc. that are controlled by the sheriff as an independently elected parish official. As an independently elected parish official, the sheriff is solely responsible for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the sheriff's office that are paid by the parish police jury as required by Louisiana law, the sheriff is financially independent. Accordingly, the sheriff is a separate governmental reporting entity. Certain units of local government over which the sheriff exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the parish sheriff.

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS**

The sheriff's basic financial statements include both government-wide (reporting the sheriff as a whole) and fund financial statements (reporting the sheriff's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the sheriff are classified as governmental.

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the sheriff, except for fiduciary funds. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

In the Statement of Net Assets, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net assets are reported in three parts: invested in capital assets, net of any related debt; restricted net assets; and unrestricted net assets.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the sheriff's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the sheriff's general revenues.

**Allocation of Indirect Expenses** - The sheriff reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS**

The financial transactions of the sheriff are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Fund financial statements report detailed information about the sheriff. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

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**D. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS, Continued**

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The sheriff's current operations require the use of only governmental and fiduciary funds. The governmental and fiduciary fund types used by the sheriff are described as follows:

**Government Fund Types**

**General Fund** - The General Fund, as provided by Louisiana Revised Statute 13:781, is the principal fund of the sheriff and is used to account for the operations of the sheriff's office. The various fees and charges due to the sheriff's office are accounted for in this fund. General operating expenditures are paid from this fund.

**Fiduciary Fund Type - Agency Funds**

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, etcetera. Disbursements from the funds are made to various parish agencies, litigants in suits, etcetera, in the manner prescribed by law. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**E. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

**1. Accrual:**

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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**2. Modified Accrual, Continued**

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December, January and February of the fiscal year.

Intergovernmental revenues and fees, charges, and commissions for services are recorded when the sheriff is entitled to the funds. Interest income on time and demand deposits is recorded when the time deposits have matured and the income is available. Substantially all other revenues are recognized when received by the sheriff. Based on the above criteria, intergovernmental revenue and fees, charges, and commissions for services are treated as susceptible to accrual.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**F. SALES AND USE TAX**

The Franklin Parish Sheriff is authorized to collect a one percent sales and use tax within Franklin Parish. The proceeds of the tax, after payment of costs for collecting and administering the tax, are dedicated to constructing, maintaining and operating a jail facility and offices for the Franklin Parish Sheriff, including the payment of salaries for the operation of the jail facilities. The tax was approved for an indefinite time period; however, on March 10, 1993, the voters approved a referendum changing the indefinite expiration date to June 1, 2010. On July 21, 2007, the voters approved a one-half percent sales and use tax within Franklin Parish. The proceeds of the tax, after payment of costs for collection and administering the tax, are dedicated for general operations. The tax was approved for five years starting January 1, 2008 and expiring on December 31, 2012. This tax has been renewed for five years starting January 1, 2013 and expiring on December 31, 2017.



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**G. ENCUMBRANCES**

Encumbrance accounting is not used in the sheriff's operations.

**H. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Under state law, the sheriff must deposit funds in demand deposits, interest bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

**I. INVENTORY**

Inventory at June 30, 2012, consists of commissary items purchased during preceding months. Inventory items are valued at unit prices established by purchase prices paid for purchased items. Amounts are recorded as expenditures under the consumption method using the First-In, First-Out (FIFO) cost flow assumption.

**J. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The sheriff maintains a threshold level of \$5,000 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the sheriff, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Depreciation</u>	<u>Estimated Lives</u>
Vehicles	5 Years
Furniture & Fixtures	10-20 Years
Buildings	40 Years

**K. RISK MANAGEMENT**

The sheriff's office is exposed to risks of loss in areas of health care, general and auto liability, property hazards, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

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**L. COMPENSATORY TIME (K-TIME)**

Compensatory Time (K-time) represents a one and one-half credit for each hour of overtime worked. The maximum for law enforcement personnel (deputies, detectives and guards) is 480 K-time hours which represent not more than 320 hours of actual overtime worked. The maximum for non-law enforcement personnel is 240 K-time hours which represents 160 hours of actual overtime worked. Employees may take K-time as compensated time-off.

An employee shall upon termination be paid for the unused K-time at a rate of compensation not less than: a) the average regular rate received by such employee during the last three years of employment or b) the final regular rate, whichever is higher. All overtime work in excess of K-time limits must be paid in the period earned.

**M. BAD DEBTS**

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. Management feels all receivables at year end are collectible and no allowance for bad debts is necessary.

**N. ESTIMATES**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**O. BUDGET PRACTICES**

The proposed budget for the fiscal year ended June 30, 2012, was made available for public inspection on May 23, 2011. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal as required prior to the public hearing, which was held at the Franklin Parish Sheriff's office May 23, 2011, for comments from taxpayers. The budget was legally amended June 8, 2012, by the sheriff.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balances.

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**P. INVESTMENTS**

Under state law, the sheriff may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. The sheriff reports United States Treasury bills and notes as investments.

**Q. VACATION AND SICK LEAVE**

Employees earn two weeks of noncumulative vacation leave and one week of noncumulative sick leave each year. There are no accumulated or vested benefits relating to vacation and sick leave that require accrual or disclosure to conform with generally accepted accounting principles.

**R. EQUITY CLASSIFICATIONS**

In government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**S. FUND EQUITY OF FUND FINANCIAL STATEMENTS**

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable - represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted - represents balances where constraints have been established by parties outside the Sheriff's office or imposed by law through constitutional provisions or enabling legislation.

Committed - represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Sheriff's highest level of decision making authority.

Assigned - represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned - represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.



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**S. FUND EQUITY OF FUND FINANCIAL STATEMENTS, Continued**

When expenditures are incurred for the purposes for which both restricted and unrestricted amounts are available, the Sheriff's office reduces restricted amounts first, followed by unrestricted amounts. When expenditures are incurred for purposes for which committed, assigned and unassigned amounts are available, the Sheriff's office reduces committed amounts first, followed by assigned amounts and then unassigned amounts.

**NOTE 2 - LEVIED TAXES**

Act 689 of the regular session of the Louisiana Legislature of 1976 provided initial financing authorization for the levy of an ad valorem tax millage for the law enforcement district. Voters of the district subsequently approved an increase in the ad valorem tax beyond initial authorization. The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Expiration</u>	<u>Levied Millage</u>	<u>Millage</u>
Constitutional	Indefinite	7.92	7.92

**NOTE 3 - CASH AND CASH EQUIVALENTS**

For the purpose of these financial statements, the sheriff considers cash and cash equivalents to be amounts held in demand deposits, interest bearing demand deposits, and time deposits.

At June 30, 2012 the sheriff had cash and cash equivalents (book balances) totaling \$8,952,357 as follows:

	<u>Statement of Net Assets</u>	<u>Statement of Fiduciary Net Assets</u>	<u>Total</u>
Petty Cash	1,300	-0-	1,300
Demand Deposits	<u>8,171,298</u>	<u>779,759</u>	<u>8,951,057</u>
<b><u>TOTAL</u></b>	<b><u>8,172,598</u></b>	<b><u>779,759</u></b>	<b><u>8,952,357</u></b>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2012, the sheriff has \$9,154,191 in deposits (collected bank balances). These deposits are secured from risk by \$774,245 of federal deposit insurance and \$9,095,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the sheriff that the fiscal agent has failed to pay deposited funds upon demand.

The sheriff was adequately collateralized at all banks at June 30, 2012, except Citizens Progressive Bank. The sheriff was undercollateralized by \$51,193.

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**NOTE 4 - RECEIVABLES**

The receivables at June 30, 2012, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Agency Fund</u>	<u>Total</u>
Grants	48,730	-0-	48,730
Fees, Charges, and Commissions for Services	-0-	1,714	1,714
Feeding and Keeping of Prisoners	62,461	-0-	62,461
<b><u>TOTAL</u></b>	<b><u>111,191</u></b>	<b><u>1,714</u></b>	<b><u>112,905</u></b>

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2012 follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
<b><u>Capital Assets</u></b>				
Equipment	1,684,251	218,256	163,761	1,738,746
Buildings	8,894,508	-0-	-0-	8,894,508
Land	90,000	-0-	-0-	90,000
	<u>10,668,759</u>	<u>218,256</u>	<u>163,761</u>	<u>10,723,254</u>
<b><u>Accumulated Depreciation</u></b>				
Equipment	1,295,211	164,040	120,436	1,338,815
Buildings	<u>3,506,466</u>	<u>222,363</u>	<u>-0-</u>	<u>3,728,829</u>
	<u>4,801,677</u>	<u>386,403</u>	<u>120,436</u>	<u>5,067,644</u>
<b><u>Net Capital Assets</u></b>	<b><u>5,867,082</u></b>	<b><u>(168,147)</u></b>	<b><u>( 43,325)</u></b>	<b><u>5,655,610</u></b>

**FRANKLIN PARISH SHERIFF**  
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**NOTE 6 - PENSION PLAN**

Substantially all employees of the Franklin Parish Sheriff's office are members of the Louisiana Sheriffs' Pension and Relief Fund (the System), a multiple-employer (cost sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. All sheriffs and deputies who are found to be physically fit, earn at least 800 per month, and who were at least 18 years of age at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. For an employee whose first employment making him eligible began on or after July 1, 2006, the employee's average monthly salary shall be the 60 highest successive months of employment, or the highest 60 successive joined months of employment where interruption of service occurred. Employees who terminate with at least 12 years of service and do not withdraw employee contributions may retire at age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by State statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, 6554 Florida Boulevard, Suite 215, Baton Rouge, Louisiana 70806, or by calling (800) 586-9049.

Plan members are required by state statute to contribute 10.0% of their annual covered salary and the Franklin Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 12.50% of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the Franklin Parish Sheriff are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Franklin Parish Sheriff's contributions to the System for the years ending June 30, 2012, 2011 and 2010 were \$443,642, \$447,203 and \$418,491, respectively, equal to the required contributions for each year.

**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS**

During the fiscal year ended June 30, 2010, the Franklin Parish Sheriff's Office implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefit Plans Other Than Pensions (GASB 45).

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**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS, Continued**

**Plan Description.** The Franklin Parish Sheriff's Office's medical and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age or, age 55 and 12 years of service. See the section below entitled "Expected Time of Commencement of Benefits" for the assumption as to time of actual retirement.

Life insurance coverage is continued to retirees by election and the blended rate for active employees and retirees is \$0.348 per \$1,000 of insurance. The employer pays 100% of the cost of life insurance after retirement for the retiree, but it is based on the blended active/retired rate and there is thus an implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

**Contribution Rates.** Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy.** Until 2009, the Franklin Parish Sheriff's Office recognized the cost of providing post-employment medical and life benefits (Franklin Parish Sheriff's Office's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2011/2012, Franklin Parish Sheriff's Office's portion of health care funding cost for retired employees totaled \$17,643, and the life insurance totaled \$-0- .

**Annual Required Contribution.** Franklin Parish Sheriff's Office's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2011 is \$212,950 for medical and life, as set forth below:

Normal Cost	\$ 99,022
30-year UAL amortization amount	<u>113,928</u>
Annual required contribution (ARC)	<u>\$212,950</u>

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**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS, Continued**

**Net Post-employment Benefit Obligation (Asset).** The table below shows Franklin Parish Sheriff's Office's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2012:

Beginning Net OPEB Obligation (Asset) 7/1/2011	\$394,778
Annual Required Contribution	212,950
Interest on Net OPEB Obligation (Asset)	15,791
ARC Adjustment	<u>-0-</u>
OPEB Cost	228,741
Contribution	<u>-0-</u>
Current year retiree premium	<u>( 17,643)</u>
Change in Net OPEB Obligation	<u>211,098</u>
Ending Net OPEB Obligation (Asset) 6/30/2012	<u>\$605,876</u>

The following table shows Franklin Parish Sheriff's Office's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

<u>Post Employment Benefit</u>	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Of Annual Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
Medical and Life	June 30, 2012	\$228,741	7.71%	\$605,876
Medical and Life	June 30, 2011	\$220,608	7.83%	\$394,778
Medical and Life	June 30, 2010	\$212,910	10.10%	\$191,443



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**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS, Continued**

**Funded Status and Funding Progress.** In the fiscal year ending June 30, 2012, Franklin Parish Sheriff's Office made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2009, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$1,489,204 (medical) and \$480,838 (life), which is defined as that portion, as determined by a particular actuarial cost method (Franklin Parish Sheriff's Office uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2010/2011, the entire actuarial accrued liability of \$1,489,204 (medical) and \$480,838 (life) was unfunded.

Actuarial Accrued Liability (AAL)	\$1,970,042
Actuarial Value of Plan Assets	-0-
Unfunded Act. Accrued Liability (UAAL)	<u>1,970,042</u>
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (active plan members)	3,570,684
UAAL as a percentage of covered payroll	55.17%

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Franklin Parish Sheriff's Office and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Franklin Parish Sheriff's Office and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Franklin Parish Sheriff's Office and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method.** The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Actuarial Value of Plan Assets.** Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

**FRANKLIN PARISH SHERIFF**  
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**NOTE 7 - OTHER POST EMPLOYMENT BENEFITS, Continued**

**Turnover Rate.** An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 12%. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
18 - 25	20.0%
26 - 40	15.0%
41 - 54	10.0%
55+	8.0%

**Post employment Benefit Plan Eligibility Requirements.** Historically, employees have retired after age 55 and 24 years of service because of the requirement of 24 years of service with the Sheriff's office for medical benefits. We have therefore assumed that employees retire three years after that historical retirement age as just described. The three years are to accommodate the D.R.O.P. period. Medical benefits are provided to employees upon actual retirement. Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age or, age 55 and 12 years of service. Entitlement to benefits continues through Medicare to death.

**Investment Return Assumption (Discount Rate).** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% annual investment return assumption.

**Health Care Cost Trend Rate.** The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

**Mortality Rate.** The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described above to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuations results for life insurance.

**Method of Determining Value of Benefits.** The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits for the retiree only (not dependents). See the section below for details on Life Insurance benefits. The medical rates provided are "blended" rates for active and retired before Medicare eligibility. We have therefore estimated the "unblended" rates as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility.

**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 8 - CHANGES IN AGENCY FUNDS**

A summary of changes in agency fund balances due to taxing bodies and others follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
Agency Funds:				
License	136	142,204	142,201	139
Criminal	106,732	595,883	584,239	118,376
Civil	6,612	464,798	464,745	6,665
Work Release Program	46,619	569,509	563,301	52,827
Tax Collection	470,693	6,751,350	6,750,004	472,039
Inmate Trust	<u>129,246</u>	<u>757,000</u>	<u>754,819</u>	<u>131,427</u>
<b>TOTAL</b>	<u>760,038</u>	<u>9,280,744</u>	<u>9,259,309</u>	<u>781,473</u>

**NOTE 9 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligation transactions for the year ended June 30, 2012:

	<u>K-Time</u>	<u>TOTAL</u>
Long-term Obligations at July 1, 2011	101,847	101,847
Additions	-0-	-0-
Deductions	<u>51,741</u>	<u>51,741</u>
Long-term Obligations at June 30, 2012	<u>50,106</u>	<u>50,106</u>



**FRANKLIN PARISH SHERIFF**  
**WINNSBORO, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 10 - FEDERAL FINANCIAL ASSISTANCE**

The sheriff participated in the following federal assistance program during the year ended June 30, 2012:

<u>Federal Grantor/Pass-Through Grantor/ Program Name</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>United States Department of Justice</u> Passed through Louisiana Division of Administration through Louisiana Commission on Law Enforcement and Administration of Criminal Justice - Narcotics Drug Task Force	16.579	<u>44,936</u>
		<u>44,936</u>

**NOTE 11 - ON-BEHALF PAYMENTS**

The Sheriff's office is located in the parish courthouse annex. Expenditures for operation and maintenance of the courthouse annex, as required by Louisiana Revised Statute 33:4715, are paid by the Franklin Parish Police Jury, except for the jail as set forth in the intergovernmental agreement discussed in Note 14.

**NOTE 12 - LITIGATION AND CLAIMS**

At June 30, 2012, the sheriff has no pending or threatened litigation which would adversely affect the financial status of the Franklin Parish Sheriff's Office.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012

**NOTE 13- INTERGOVERNMENTAL AGREEMENT**

As provided by Louisiana Revised Statute (LSA-R.S.) 33:1324, the Franklin Parish Sheriff has entered into an intergovernmental agreement with the Franklin Parish Police Jury to assume all liabilities and responsibilities of the jail operations within Franklin Parish effective May 1, 1989, and perpetually thereafter, so long as the Franklin Parish Law Enforcement District sales and use tax remains in force and effect. The liabilities assumed by the sheriff include utilities, maintenance and upkeep, feeding and keeping prisoners, salaries and cost of jail operations, and construction of a new jail. The intergovernmental agreement also states that the parish of Franklin relinquishes, transfers, and assigns to the Franklin Parish Sheriff and the Law Enforcement District of Franklin Parish all jurisdiction, responsibility, and control over the present and any future jail within Franklin Parish.

**NOTE 14- RELATED PARTY TRANSACTIONS**

There were no related party transactions that came to our attention.

**FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**NOTE 15 - EX-OFFICIO TAX COLLECTOR**

The amount of cash on hand at year end was \$470,325. The unsettled balances of the Tax Collection Fund at June 30, 2012 consist of:

Collection of current and prior year	
taxes not settled	1,010
Protest Taxes	<u>469,315</u>
	<u><u>470,325</u></u>

The amount of taxes collected for the current year by taxing authority was as follows:

<b><u>TAXING AUTHORITY</u></b>	<b><u>TAXES COLLECTED</u></b>
Franklin Parish Police Jury	2,257,438
Franklin Parish Sheriff	607,387
Franklin Parish School Board	1,683,855
Franklin Parish Tax Assessor	659,739
Louisiana Agriculture & Forestry Commission	4,613
Louisiana Tax Commission	1,695
Tensas Basin Levee District	162,783
Fire District II	110,564
Fire District III	33,902
Fire District IV	57,745
Franklin Parish Library	500,707
Franklin Parish Council on Aging	134,985
Franklin Parish Clerk of Court	15,673
Franklin Parish District Attorney	12,539
Municipal Employees Retirement	15,673
Parochial Employees Retirement	15,673
Franklin Parish Registrar of Voters	<u>3,918</u>
	<u><u>6,278,889</u></u>

See Notes to Financial Statements

**FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

The amount of taxes assessed and uncollected by the specified taxing authority is presented below:

<b><u>TAXING AUTHORITY</u></b>	<b><u>TAXES COLLECTED</u></b>
Franklin Parish Police Jury	1,042
Franklin Parish Sheriff	266
Franklin Parish School Board	748
Franklin Parish Tax Assessor	294
Louisiana Agriculture & Forestry Commission	2
Louisiana Tax Commission	1
Tensas Basin Levee District	75
Fire District II	51
Fire District III	16
Fire District IV	27
Franklin Parish Library	231
Franklin Parish Council on Aging	62
	<u>2,815</u>

The above amounts represent taxes assessed and uncollected by the specified taxing authority. Failure to collect these taxes is due to bankruptcies or the fact that the property is considered movable, and therefore, it cannot be sold at a property tax sale.

The amount of collection on behalf of other taxing authorities is as follows:

<b><u>TAXING AUTHORITY</u></b>	<b><u>FRANKLIN PARISH POLICY JURY</u></b>	<b><u>COMMISSION TO FRANKLIN PARISH SHERIFF</u></b>	<b><u>FINAL DISTRIBUTION</u></b>
OCCUPATIONAL LICENSE	<u>120,871</u>	<u>21,330</u>	<u>142,201</u>

Franklin Parish Sheriff does not collect sales tax, tax incremental finance district, public utility, insurance premiums, gaming admissions, or any other taxes other than ad valorem tax and occupational licenses for taxing authorities.

**NOTE 16 - SUBSEQUENT EVENTS**

The Sheriff's management has evaluated subsequent events through the date the financial statements were available to be issued, December 10, 2012 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

See Notes to Financial Statements

**REQUIRED SUPPLEMENTAL INFORMATION**

**PART II**

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
BUDGET COMPARISON SCHEDULES  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<u>REVENUES</u>				
Ad Valorem Taxes	469,950	577,332	578,821	1,489
Sales Taxes	1,150,000	1,195,000	1,198,084	3,084
Intergovernmental Revenues:				
Federal Grants	10,643	18,359	44,936	26,577
State and Local Grants	23,360	16,675	16,675	0
State Revenue Sharing	60,000	71,688	71,689	1
Fees, Charges & Services:				
Commissions	17,500	19,750	21,513	1,763
Civil & Criminal Fees	124,875	144,025	156,178	12,153
Housing Prisoners	6,873,000	7,757,000	7,701,983	(55,017)
State Supplemental Pay	480,000	437,500	438,174	674
Interest	100,000	62,500	82,403	19,903
Other	85,869	131,698	200,251	68,553
<u>TOTAL REVENUES</u>	<u>9,395,197</u>	<u>10,431,527</u>	<u>10,510,707</u>	<u>79,180</u>
<u>EXPENDITURES</u>				
<u>Public Safety:</u>				
Personal Services and Related Benefits	5,661,916	5,642,237	5,616,490	25,747
Operating Services	1,080,900	1,240,850	1,176,209	64,641
Materials and Supplies	2,383,000	2,534,600	2,531,849	2,751
Travel and Other Charges	173,493	175,550	165,279	10,271
<u>Capital Outlay:</u>				
General Fund	91,725	224,771	207,518	17,253
	<u>9,391,034</u>	<u>9,818,008</u>	<u>9,697,345</u>	<u>120,663</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>4,163</u>	<u>613,519</u>	<u>813,362</u>	<u>199,843</u>

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
BUDGET COMPARISON SCHEDULES  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>7,581,051</u>	<u>7,581,051</u>	<u>7,581,051</u>	<u>0</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>7,585,214</u>	<u>8,194,570</u>	<u>8,394,413</u>	<u>199,843</u>



**FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Franklin Parish Sheriff's office during the month of June for comments from taxpayers. The budget is then legally adopted by the sheriff and amended during the year, as necessary. The budget is established and controlled by the sheriff at the object level of expenditure. Appropriations lapse at year end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
SCHEDULE OF FUNDING PROGRESS  
YEAR ENDED JUNE 30, 2012

FISCAL YEAR ENDED	ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITIES (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITIES (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
6/30/12	7/1/09	0	1,970,042	1,970,042	0.00%	3,570,684	55.17%
6/30/11	7/1/09	0	1,970,042	1,970,042	0.00%	3,755,378	52.46%
6/30/10	7/1/09	0	1,970,042	1,970,042	0.00%	3,804,463	51.78%

**OTHER SUPPLEMENTAL INFORMATION**

**PART III**

**FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2012**

FIDUCIARY FUND TYPE - AGENCY FUNDS

These funds account for assets held by the sheriff department in a trust or agency capacity.

LICENSE FUND

The License fund is a depository for occupational licenses. Payments are made from the fund to the Sheriff's General Fund and the Franklin Parish Police Jury.

CRIMINAL FUND

The Criminal fund is a depository for fines, forfeitures, and costs in criminal cases. Payments are made from the fund to the Sheriff's General Fund, police jury, district attorney, clerk of court, and other recipients in accordance with applicable laws.

CIVIL FUND

The Civil Fund is a depository for collection of funds in civil suits, sheriff's sales, and garnishments. Payments of these collections to recipients are made in accordance with applicable laws.

WORK RELEASE PROGRAM FUND

The Work Release Program Fund accounts for funds paid to the Sheriff's office for the Work Release Program. The funds are then disbursed to the inmates or the inmate trust fund and the sheriff's general fund.

TAX COLLECTION FUND

Article V, Section 27 of the Louisiana Constitution of 1974 provides that the sheriff will serve as the collector of state and parish taxes and fees. The Tax Collection Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

INMATE TRUST FUND

The Inmate Trust Fund accounts for funds of inmates that are used for personal items purchased by the inmates at the concessions store located at the detention center. Remaining balances to the credit of a prisoner are refunded upon release or transfer to another prison.

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
FIDUCIARY FUND TYPES - AGENCY FUNDS  
COMBINING SCHEDULE OF CHANGES IN BALANCES  
DUE TO TAXING BODIES AND OTHERS  
FOR THE YEAR ENDED JUNE 30, 2012

	LICENSE FUND	CRIMINAL FUND	CIVIL FUND	WORK RELEASE PROGRAM FUND
<u>BALANCES AT BEGINNING OF YEAR</u>	136	106,732	6,612	46,619
<u>ADDITIONS:</u>				
Deposits:				
Licenses	142,201	0	0	0
Fines and Costs	0	595,380	0	0
Sheriff's Sales	0	0	397,612	0
Garnishments	0	0	55,651	0
Other Deposits	0	0	11,407	0
Taxes, Fees, Etc. Paid to				
Tax Collector	0	0	0	0
Interest on Investments	3	503	128	230
Inmate Deposits	0	0	0	0
Work Release Income	0	0	0	569,279
<u>TOTAL ADDITIONS</u>	<u>142,204</u>	<u>595,883</u>	<u>464,798</u>	<u>569,509</u>
<u>TOTAL AVAILABLE</u>	<u>142,340</u>	<u>702,615</u>	<u>471,410</u>	<u>616,128</u>
<u>REDUCTIONS:</u>				
Taxes, Fees, Etc. Distributed to Taxing Bodies and Others	0	0	0	0
Deposits Settled To:				
Sheriff's General Fund	21,330	70,018	76,672	263,790
Police Jury	120,871	174,131	0	0
District Attorney	0	76,429	0	0
Clerk of Court	0	28,025	18,795	0
Indigent Defender Board	0	50,927	0	0
Attorneys, Appraisers, Etc.	0	0	369,149	0
Other Settlements	0	184,709	129	299,511
<u>TOTAL REDUCTIONS</u>	<u>142,201</u>	<u>584,239</u>	<u>464,745</u>	<u>563,301</u>
<u>BALANCES AT END OF YEAR</u>	<u>139</u>	<u>118,376</u>	<u>6,665</u>	<u>52,827</u>

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA  
FIDUCIARY FUND TYPES - AGENCY FUNDS  
COMBINING SCHEDULE OF CHANGES IN BALANCES  
DUE TO TAXING BODIES AND OTHERS  
FOR THE YEAR ENDED JUNE 30, 2012

<u>TAX COLLECTION FUND</u>	<u>INMATE TRUST FUND</u>	<u>TOTAL</u>
470,693	129,246	760,038
0	0	142,201
0	0	595,380
0	0	397,612
0	0	55,651
0	0	11,407
6,747,354	0	6,747,354
3,996	665	5,525
0	756,335	756,335
0	0	569,279
<u>6,751,350</u>	<u>757,000</u>	<u>9,280,744</u>
7,222,043	886,246	10,040,782
6,750,004	0	6,750,004
0	754,819	1,186,629
0	0	295,002
0	0	76,429
0	0	46,820
0	0	50,927
0	0	369,149
0	0	484,349
<u>6,750,004</u>	<u>754,819</u>	<u>9,259,309</u>
<u>472,039</u>	<u>131,427</u>	<u>781,473</u>

STATE OF LOUISIANA, PARISH OF FRANKLIN

AFFIDAVIT

KEVIN W. COBB (Sheriff's Name), Sheriff of FRANKLIN (Parish)

BEFORE ME, the undersigned authority, personally came and appeared,  
KEVIN W. COBB (Name), the sheriff of FRANKLIN Parish, State of Louisiana,  
who after being duly sworn, deposed and said:


The following information is true and correct:

\$ 470,325 is the amount of cash on hand in the tax collector account on  
JUNE 30, 2012 (Date);


He further deposed and said:

All itemized statements of the amount of taxes collected for tax year 2012, by taxing authority,  
are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the  
failure to collect, by taxing authority, are true and correct.

  
\_\_\_\_\_  
Signature  
Sheriff of FRANKLIN  
(Parish)

SWORN to and subscribed before me, Notary, this 10<sup>th</sup> day of December 20 12, in my office in  
the city of Winnsboro, Louisiana.  
(City/Town)

  
\_\_\_\_\_  
(Signature)

David Wm Rigdon (Print), # Bar 32228  
Notary Public

ON DEATH (Commission)



**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
PART IV**

**MARCUS, ROBINSON and HASSELL**

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 487

702 EVADALE DRIVE

TELEPHONE (318) 435-7519

WINNSBORO, LOUISIANA 71295

Harvey Marcus, CPA

John Robinson, CPA

Doyle Hassell, CPA

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Kevin W. Cobb  
Franklin Parish Sheriff  
Winnsboro, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish Sheriff as of and for the year ended June 30, 2012, which collectively comprise the Franklin Parish Sheriff's basic financial statements and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of Franklin Parish Sheriff is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Franklin Parish Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Franklin Parish Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Franklin Parish Sheriff's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (Item 2012-01). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as (Item 2012-01).

Franklin Parish Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Franklin Parish Sheriff's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Franklin Parish Sheriff, management of the Sheriff's office, interested state agencies, and the Legislative Auditor of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the office of the Louisiana Legislative Auditor as a public document.

*Marcus, Robinson + Hassell*  
MARCUS, ROBINSON & HASSELL  
December 10, 2012

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Franklin Parish Sheriff as of and for the year ended June 30, 2012, which collectively comprise the Franklin Parish Sheriff's basic financial statements and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2012, resulted in an unqualified opinion.

SECTION I - SUMMARY OF THE AUDITOR'S RESULTS

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses yes x no

Significant Deficiency yes x none reported

Compliance

Compliance Material to Financial Statements yes x none reported

B. Federal Awards

Internal Control

Material Weaknesses yes x no

Significant Deficiency yes x none reported

Type of Opinion on Compliance  
For Major Programs

Unqualified x Qualified       
Disclaimer      Adverse     

Are their findings required to be reported in accordance with Circular A-133, Section .5109(a)?

No

C. Identification of Major Programs

None Identified

Dollar threshold used to distinguish between Type A and Type B Programs \$300,000

Is the auditee a "low-risk" auditee as defined by OMB Circular 133 x yes no

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS:

Findings, Reference #, and Title: 2012-01

UNDER-COLLATERALIZED FUNDS.

Condition:

The Franklin Parish Sheriff Department has under-collateralized funds in Citizens Progressive Bank.

Recommendation:

Our recommendation is for the chief financial officer to review the pledged securities reports and compare them with funds on deposit at each bank. This should be done on a monthly basis.

Management's Response and  
Planned Corrective Action:

We concur with the finding. We will follow the Auditor's recommendation.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

FRANKLIN PARISH SHERIFF  
WINNSBORO, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

SECTION I - Internal Control and Compliance Material to the Financial Statements

FINDINGS

RESPONSE

2011-01 Lacking sufficient capable  
expertise to prepare the financial  
statements and related footnote disclosures.

Resolved

SECTION II - Management Letter

None issued.

See Notes to Financial Statements